

IEA Urges Governments To Review Energy Policies

If governments around the world do not change existing energy policies, the world's energy needs will be well over 50 per cent higher in 2030 than current levels, according to the International Energy Agency.

The IEA's annual Outlook this year focuses on energy developments in China and India and their implications for the world.

"The huge energy challenges facing China and India are global energy challenges and call for a global response. The World Energy Outlook 2007 charts a course to a more secure, competitive, lower-carbon energy system – a course that must involve the world's two emerging giants", says IEA executive director Nobuo Tanaka.

"WEO-2007 demonstrates more clearly than ever that, if governments don't change their policies, oil and gas imports, coal use and greenhouse-gas emissions are set to grow inexorably through to 2030 – even faster, in fact, than in last year's Outlook. These trends would threaten energy security and accelerate climate change. But the Outlook also shows how new policies can pave the way to an alternative energy future," Tanaka stresses.

"Rapid economic development will undoubtedly continue to drive up energy demand in China and India, and will contribute to a real improvement in the quality of life for more than two billion people. This is a legitimate aspiration that needs to be accommodated and supported by the rest of the world," says Tanaka.

"Indeed, most countries stand to benefit economically from China's and India's economic development through international trade," he says.

China and India together account for 45 per cent of the increase in global primary energy demand in this scenario. Both countries' energy use is set to more than double between 2005 and 2030.

Worldwide, fossil fuels – oil, gas and coal – continue to dominate the fuel mix. Among them, coal is set to grow most rapidly, driven largely by power-sector demand in China and India.

These trends lead to continued growth in global energy-related emissions of carbon dioxide – a rise of 57 per cent by 2030.

China is expected to overtake the United States to become the world's biggest emitter in 2007, while India becomes the third-biggest emitter by around 2015. China's per-capita emissions almost reach those of OECD Europe by 2030.

The IEA says that if governments around the world implement policies they are currently considering, as assumed in an Alternative Policy Scenario, global energy-related CO₂

emissions would level off in the 2020s and reach 34 Gt in 2030 – almost a fifth less than in the Reference Scenario.

Measures to improve energy efficiency are the cheapest and fastest way to curb demand and emissions growth in the near term – particularly in China and India where the savings are significant.

But even in the Alternative Policy Scenario, global CO₂ emissions are still one-quarter above current levels in 2030. In a “450 Stabilisation Case”, which describes a notional pathway to long-term stabilisation of the concentration of greenhouse gases in the atmosphere at around 450 parts per million, global emissions peak in 2012 and then fall sharply below 2005 levels by 2030.

Emissions savings come from improved efficiency in industry, buildings and transport, switching to nuclear power and renewables, and the widespread deployment of CO₂ capture and storage.

Exceptionally quick and vigorous policy action by all countries, and unprecedented technological advances, entailing substantial costs, would be needed to make this case a reality, according to the IEA.

Economic growth in China and India could turn out to be significantly faster than assumed in the Reference and Alternative Policy Scenarios, resulting in more rapid growth in energy demand, oil and gas imports and CO₂ emissions.

In a High Growth Scenario, which assumes that China’s and India’s economies grow on average 1.5 percentage points per year faster than in the Reference Scenario, energy demand is 21 per cent higher in 2030 in China and India combined. Globally, energy demand rises by six per cent and CO₂ emissions by seven per cent.

“In this case, it would be all the more urgent for governments around the world to implement policies to curb the growth in fossil-energy demand and related emissions”, Tanaka says.

“The emergence of new major players in global energy markets means that all countries must take vigorous, immediate and collective action to curb runaway energy demand”, says Tanaka.

“The next ten years will be crucial for all countries, including China and India, because of the rapid expansion of energy-supply infrastructure. We need to act now to bring about a radical shift in investment in favour of cleaner, more efficient and more secure energy technologies.”

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